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Weekly Intelligence Summary No. 7

CIVIL AVIATION

Foreign Minister Tsaldaris has informed US Embassy Athens that if the Greek Government were immediately to stop Czechoslovak air traffic through Greece, large barter transactions with Czechoslovakia, involving substantial credit balances in Greece's favor, might be disrupted. Tsaldaris proposes, however, to restrict such flights to two monthly, and believes that all Czechoslovak air operations through Greece can be stopped later. The US had instructed Embassy Athens to urge the Greek Government to stop all Czechoslovak air operations through Athens. The Greek inclination to do this as soon as practical will be reinforced by a recent Czechoslovak press announcement in Prague that the Czechoslovak Airlines (CSA) would effect the evacuation of 2,000 Greek children by air to Czechoslovakia. The announcement apparently referred to children kidnapped by the Greek Guerrillas, whose evacuation by air would actually be impractical.

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SURFACE TRANSPORTATION

UK Returning Lend-Lease Vessels

The US has denied the British request for extension of the Land-Leathers Agreement, which was concluded after the expiration of the US-UK Lend-Lease Agreement. The agreement was negotiated in December 1945 by Admiral Land, wartime WSA Administrator and Lord Leathers, British Minister of War Transport.

The Land-Leathers Agreement originally covered about 350 vessels of various types which had been chartered to the UK under Lend-Lease. The terms of the agreement provided for gradual return of the vessels, and at the time of the British request, only 39 remained in British hands.

The US Lend-Lease vessels (principally coal-burning British-type Liberty ships) were used effectively to tide the UK over the immediate postwar period, until the British construction program could begin to offset war losses. While it is too soon to appreciate fully the effect on the UK of the loss of

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these vessels, it will obviously cause a loss of shipping revenue and foreign exchange. It will also leave the British no alternative to the continuation of the present all-out shipbuilding program, which is using materials, particularly steel, that could otherwise be allocated elsewhere. On the other hand, the strong desire of the UK to retain these Lend-Lease vessels has been somewhat dampened by the provision of the European Recovery Program Act that at least fifty percent of all ERP goods procured in the US be carried in US flag vessels.

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